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## INFORMATION REPORT

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1. In late January 1952 business activity in Shanghai was almost at a standstill because of Chinese Communists attempts to extract money from Shanghai industrial and commercial concerns over the lunar New Year holiday. To avoid payment of extra taxes and donations, many merchants had gone on vacation to small villages outside of Shanghai.<sup>1</sup>
2. In November 1951 all merchants in Shanghai were being taxed two percent of their capital for armament, 2.5 percent as a business tax, .3 percent as a stamp tax; and a general 30 percent income tax was levied at the end of the year. Merchants who did not pay were being fined by the day until they paid or were penalized by having their merchandise bought by the state. Clerks were trained by the public security bureau to watch store owners to make sure they did not cheat the government.
3. In November 1951 there was almost no black market in gold or United States notes. Gold on the black market was selling for JMP 1,400,000 per ounce as against the official rate of JMP 950,000, and the United States dollar was selling for JMP 30,000 as against the official rate of JMP 20,000.<sup>2</sup>

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4. In November 1951 the parity unit was valued at about JMP 4,500. Skilled workers were being paid 150 units per month, and professional and unskilled workers from 40 to 120 units per month. The large number of unemployed persons in Shanghai had been ordered to register at local unemployment offices for a monthly payment of 45 catties of rice with an extra 15 catties for each child. However, very few persons were registered because many of those who had registered had been sent to North China for forced labor.
5. By November 1951 all of the large factories in Shanghai had been taken over by the Communists. There were a few small private businesses which were still operating, but the Communists had established cooperatives where people could buy at cheaper prices the same products offered by private business. The entire ground floor of the Sincere Company had been rented by the Communists, who were selling their own wares there [redacted]. The Sun Sun (新新) Department Store was to be rented by the government at the end of 1951 and was to be operated as a government department store [redacted]. In late January 1951, LIN (林), a member of the board of directors of the Sun Sun Department Store, and LIANG (梁), secretary general of the Shanghai Department Store Association, fled from Shanghai to avoid attending a confession meeting which the Chinese Communists were planning to hold for department store owners.
6. Clothing could be purchased without ration coupons. Men wore the Lenin suit, which is similar to the SUN Yat-sen suits worn by Taiwan officials, and women wore the Lenin dress, which consists of blue cloth trousers and a jacket with two rows of buttons down the front.
7. Electric power was still being furnished by the Shanghai Power Company, the name of which had been changed to the Shanghai Water and Electric Company, by the Chapei Electric Company, and by the China Merchant Electric Company. The French concession was using 110 volts and the rest of the city was using 220 volts. Electricity was available both day and night.
8. The post office and telegraph office were using the same personnel used by the Nationalists. JMP 160,000 was the maximum which could be sent by letter.
9. Between April and October 1951 all cabarets were operating at full capacity. The dancing hostesses wore their own Chinese gowns and dresses when on duty but wore the blue uniform when off duty. The French Club was the most popular place in town. All foreigners who were still awaiting exit permits as well as Chinese of all classes gathered there. T. F. WEI<sup>3</sup> was a figure at the French Club. He headed the club's committee, had a job with a French Company, and wore a uniform in the daytime. The Italian Club depended on the Italian Consulate to straighten out any of its difficulties with the Chinese Communists. The Consulate was on good terms with the Chinese Communists. There had been instances of both the French Club and the Italian Club receiving advance warning of Chinese Communist raids on the clubs.
10. All graduates from St. John's University and Shanghai University were required to volunteer their services for six months after graduation by going north. All girls from the age of 14 could volunteer for service in the north without the consent of their parents. Students, doctors, and workers were rewarded for good work by being presented with large red-paper or satin flowers.
11. Doctors were required to keep all their records in Chinese and were not permitted to use English. Some offices had started keeping their records in Chinese rather than English and it was rumored that all would be required to do this in 1952.

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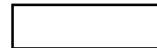
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12. Some of the organizations operating in Shanghai in November 1951 were as follows:
- a. District residents' committee, with political, welfare, cultural, health, and fire-prevention sections. This committee was under the direct control of the local public security office.
  - b. A counter-reactionary committee, formed by ten men from each lane whose duty was to report reactionary persons to the public security office.
  - c. The women's association, formed by all women in each lane. They met once or twice a week to discuss current events, read newspapers, and learn about the government. They were urged to report the political attitudes of their husbands and parents to the public security office.
  - d. The children's association, formed by all the children between the ages of six and fifteen years in each neighborhood. The local school principal headed the neighborhood branch of the association. The children met weekly to discuss current events and were urged to report the political attitudes of their parents to the public security office.
  - e. Sino-Soviet Friendship Association. All workers were asked to join this association.
  - f. Shanghai General Labor Union with headquarters in the Bank of Commerce on the Bund.
13. In November 1951 there were prisons for political prisoners at Ma Ssu Nan (馬思南) Road and Ti Lan Chiao (提籃橋) Road. There was a prison for common criminals in the former premises of the Ssu Ming (四明) Company. When a criminal entered the Ssu Ming prison he turned his money over to the jailer, who issued a coupon book to the prisoner with which he could buy food each week at the prison cooperative. Visitors were allowed at the Ssu Ming prison once a week. However, political prisoners were not permitted to receive visitors. Many prisoners, both political and criminal, had been sent to help build the "New People's Village" in North Kiangsu, where Shanghai authorities were planning to send large groups of Shanghai's population to relieve the crowded conditions in Shanghai.
14. There was a district court at the intersection of Chekiang and Ch'i Pu (七浦) Roads. Cases were solved simply. The judge, plaintiff, and defendant sat around a table and discussed the problem until it was solved. Most of the cases handled by this court concerned divorces, which were easy to obtain. Court rulings on cases involving anti-Communist activities had to be approved by the Military Control Commission.
15. The detection squad under the Shanghai Garrison Headquarters had from 200 to 300 men who investigated anti-Communist activities. The squad headquarters was on Erh Ma Lu (二馬路), at the back of the Kuan Sheng Yuan (冠生園) Restaurant.

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16. The Shanghai Public Security Bureau, headed by YANG Fan<sup>4</sup> (楊帆), had more than twenty branch offices, occupying buildings formerly used by the Nationalist police branches. Candidates for service in the public security bureau had to pass a loyalty check and examination before being entered in the Public Security Bureau Academy in Shanghai. About 2,000 men had graduated from the academy since it had opened. Only a few of the public security bureau employees were former Nationalists and these were assigned to unimportant desk jobs.
17. Each worker had to have a union membership identification card. There was no identification card for those who did not work. The card was issued by the labor union upon submission of a form which listed two guarantors and pledged the worker to pay dues of one percent of his salary each month and a fee of JMP 100. The card was issued two months after the application was submitted. With this card the worker could enter the Labor Culture Palace in the former Eastern Hotel at Tibet and Wu Ma Lu (五馬路) where the general labor union maintained a library, movies, and game rooms. Office workers could go to the clerk's club on the seventh floor of the Sun Sun Company building.
18. Each person was required to have an inoculation certificate and to carry it with him. Streets were checked occasionally and if he did not have his certificate, he had to be inoculated. Doctors and nurses made systematic checks of lanes and alleys to give inoculations.
19. A person accommodating a guest overnight was required to report the guest's name, address, business, purpose of visit, and length of visit to the district police. The visitor had to report similar details of his trip to his own district police. A person planning to move from one residence to another had to obtain a written approval to do so from the district police office of his old residence. To obtain this, he had to fill out an application form giving details on the reason and place to which he was moving and pay a fee of JMP 100. He had to move within three days of the moving date stated on the permit and had to present the permit to his new district police office within three days after moving.<sup>5</sup>
20. Between April and October 1951 a permit was required<sup>6</sup> for travel from province to province . In November travel permits were issued by the local public security bureau branch office. The traveller had to fill out an application form giving his name, age, date and place of birth, reason for travel and destination. The form was chopped by either the employer or family head and was returned to the public security office with JMP 100, the fee charged for this service. The public security office gave the traveller one half of the permit, which had to be stamped by the public security office at his destination and returned to the Shanghai public security branch office which had issued the permit. A permit was usually good for two months.
21. Between April and October 1951 express trains were operating between Shanghai and Canton. They left the North Station at 10:05 a.m. and arrived in Canton at 12:10 p.m. The ordinary train used to start at 10:20 a.m. and arrive at 6:20 p.m.<sup>7</sup> The express trains were packed to capacity and it was usually necessary to make a reservation two weeks in advance. However, trains returning to Shanghai from Canton were usually almost empty. If the train was full, the passengers were usually students en route north. The train carried Russians, who ate with the interpreters alone in the dining room. No one was permitted to talk to the Russians.

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22. The fate of a few of the residents of Shanghai who lived there prior to the Communist take-over was as follows:

- a. O. S. LIEU family.<sup>8</sup> Some of the members have turned pro-Communist. The sons were wearing blue uniforms. The second son, Julius, was giving dancing parties in his father's home and his own home every Saturday night for important people.
- b. J. D. WU, a nephew of T. V. SOONG, had become very pro-Communist in his thoughts and actions.
- c. P. T. CHEN<sup>9</sup>, former private secretary to H. H. KUNG, after being imprisoned by the Communists for three months, was released but was not permitted to leave Shanghai.
- d. Henry LING,<sup>10</sup> a protege of H. H. KUNG and former dean of Shanghai College, was still in prison.
- e. Arthur YOUNG, whose father was Chinese Consul General in New York in 1935, was released from prison and was in Hong Kong.
- f. KU Pao-lin (顧寶林) and PU Wen-kuang (卜文光), former Japanese puppets to whom the Communists gave official positions when they took over, were executed in October 1951.

1. [ ] Comment. The economic situation in Shanghai was getting worse in late November 1951, [ ]
2. [ ] Comment. [ ] that in December 1951 the black market price of an ounce of gold in Peiping and Tientsin was JMP 2,200,000. Another report stated that in December 1951 the US dollar was selling for JMP 38,500 in the Shanghai black market.
3. [ ] Comment. Probably this is the T. F. WEI (魏增復, WEI Tseng-fu) listed in the 1948 Shanghai directory as agent for the Kailan Mining Administration. A previous report stated that he had been arrested in Shanghai in April 1951.
4. [ ] Comment. YANG Fan has been previously reported in this same position.
5. [ ] Comment. The household registration book, which is used in Kwangtung and elsewhere for keeping records of such activities as those described in this paragraph, is partially reproduced in [ ] 25X1
6. [ ] Comment. [ ] reports that special permits for travel within China are no longer required, but that other identifying documents are still necessary. [ ] gives considerable detail of the security and travel controls in Shanghai and other areas.
7. [ ] Comment. The trains arrive in Canton the day after leaving Shanghai.
8. [ ] Comment. O. S. LIEU (LIU Hung-sheng) has been reported previously to be chairman of the China Merchants Steam Navigation Company, although he is not listed in the 1948 directories available to this office. He is, however, a member of the East China Military and Administrative Committee.
9. [ ] Comment. CH'EN Pei-tao.
10. [ ] Comment. A previous report stated that Henry LING was the president of the University of Shanghai, and was a member of the Chinese Nationalist delegation for the peace talks with the Chinese Communists in Peiping in 1949.

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